

OFFICE OF THE STATE CONTROLLER
Division of Statewide Accounting
Agency/Accounting Transaction Interfaces

Agency Agreement

Purpose

The purpose of this document is to:

- 1) Outline the requirements and responsibilities between the State Controller's Office (SCO), Div. of Statewide Accounting (DSA) and state agencies that process data through interface systems
- 2) Describe the financial processing environments in the statewide accounting systems.
- 3) Document items of agreement regarding practices for interfacing data between statewide and agency-based systems
- 4) Define the minimum requirements and potential liabilities for the division and those agencies transmitting interface files to any of the systems maintained by the DSA processing data in a test environment, and
- 5) Confirm their acceptance of those requirements and residual liabilities.

This agreement is for only those interface files that contain accounting and budgetary transactions or 1099 reportable transactions that will be processed **into** the systems described below.

Background

The SCO, DSA operates and maintains the statewide accounting system (STARS), fixed asset system (FAS), GAAP reporting subsystem (GRS), 1099 Reporting System, travel reimbursement system (Travel Express) and purchasing card transaction processing system (P Card Accounting). **All of these systems are considered the "systems of record"** which means the data in these systems are accepted as correct, are audited and reported, and must be reconciled to other systems maintaining duplicate information.

STARS is the system of record for accounting and budgetary transactions. Transactions may be entered directly into STARS using on line data entry screens, or by transmitting an interface file.

STARS also interfaces transactions to FAS, GRS, the 1099 Reporting System, and the P Card Accounting system.

For many agencies, FAS is the system of record for fixed assets. Asset information such as cost, useful life, depreciation method, and ownership is recorded. FAS also contains replacement values, condition and location of assets for insurance purposes. Transactions may be entered directly into FAS using on line data entry screens, or from STARS interface files. Currently, agencies do not have access or security to interface transactions to FAS.

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GRS (subsystem of STARS) is used for making accrual and other adjustments to STARS cash basis balances needed to produce the Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP). Transactions may be entered directly into GRS by SCO staff using on line data entry screens, or from STARS interface files. Agencies currently do not have access or security to directly enter or interface transactions to GRS.

On a calendar year basis, transactions are interfaced from STARS and agencies to the 1099 Reporting System. SCO may enter transactions directly into the 1099 Reporting System using on line data entry screens or from STARS interface files. Agencies do not have access or security to directly enter data into the system, but may send interface files. The aggregated data is then used to produce form 1099 MISC for individuals or businesses that received payments reportable as income as defined by the IRS. Magnetic tapes are produced for the IRS and State Tax Commission and offsite storage. FICHE is produced for SCO internal use. Backup files and tapes for each reporting year are retained for 10 years, in addition to the FICHE.

The data remains static within the system for research purposes until the following calendar year. In October or November the next reporting years data is loaded and preliminary reports are created and distributed to agencies.

Travel Express is a web based travel reimbursement application. A traveler is able to access the application, complete a travel reimbursement request on line then submit the request electronically. Upon all proper approvals the information is then uploaded into STARS and the transactions are processed. The traveler will then receive reimbursement via a warrant or EFT, as they have defined. While encouraged, the use of Travel Express is not required.

P Card Accounting is a web based purchasing card transaction processing system. Purchasing card (P Card) transactions are received from the bank on a daily basis. Users access the application on line through their web browser and verify, code, and approve transactions. Once routed through the agency's defined business process the transactions are automatically uploaded into STARS. At the end of STARS batch cycle, all successfully processed P Card transactions are then downloaded back into the P Card Accounting application for reconciliation and reporting purposes.

Several state agencies maintain internal accounting systems. They process their detail accounting transactions through these systems, then to avoid duplicate data entry, create interface files that are uploaded into STARS. Some agencies also receive download files of transactions that have

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processed in STARS. The download files may or may not be processed through the agencies internal account system but are generally used for reporting or reconciliation purposes.

SCO receives various types of data in electronic format (interfaces). These include financial transactions such as paying vendors, receipting cash, and recording adjustments. The integrity, validity, accuracy, and safekeeping of this information are critical to being able to provide financial information and retain the appropriate budgetary controls. In addition to financial information, SCO receives interfaces that include non-financial information. Examples of this data type are vendor edit table changes, other table maintenance, and 1099 information. While the non-financial data has no accounting impact, the integrity and accuracy of the data is of equal importance.

Agreements

- a. All interface files (financial and non-financial data) must be in the standard IN or other record layout format, as defined by SCO. If it is ever necessary to modify this records layout, SCO will notify agencies a sufficient amount of time in advance to allow the agency to make the necessary modifications to their interface file.
- b. All new interface files, and changes to existing files must be processed in one of SCO's test environments prior to processing in production. The minimum acceptable amount of testing must be sufficient to verify the files are created correctly and will pass all interface edits. The agency determines what amount of testing is needed to achieve their objectives.
- c. SCO will endeavor to assist agencies in any way possible with their system integration efforts. However, SCO does not maintain an exact duplicate of all production data in our test environments. It is often necessary to overlay the test system to include a particular agency's data, or to bring the data current. Additionally, there may be other agencies in the process of testing at any given time and care must be taken not to negatively impact their efforts. Depending on the extent of the agency system to SCO interface effort we request as much advance notice as possible of your system plans and testing requirements. At a minimum, SCO prefers a two week, but requires a one week advance notice of testing requirements and schedule so that we can ensure each agency's testing needs are met.

SCO Responsibilities

- a. It is our job to ensure the systems process transactions properly and that data integrity and security is maintained.

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- b. It is our responsibility to have the production systems available to users during regular work hours. Regular work hours are Monday through Friday, 7:00 a.m. until 7:00 p.m. for mainframe based applications (STARS, FAS, GRS, 1099's), and 24 – 7 for web enabled applications (Travel Express, P Card Accounting). The mainframe applications are frequently also available on Saturday from 7:00 a.m. until 5:00 p.m.
- c. SCO management is responsible for maintaining appropriate internal controls over the statewide systems referenced above.
- d. We are responsible for maintaining a production-processing schedule. Normally, an Input, Edit, Update (IEU) batch processing cycle is run each work night. DSA will notify users when this schedule will be modified, such as for fiscal year end processing.
- e. SCO will establish a “hot site” to continue with regular Statewide accounting processing in the event of a business disaster.
- f. The SCO maintains a testing schedule for IEU batch processing of SCO testing requirements. IEUs are generally run on Wednesdays beginning at 3:00 p.m. SCO will notify all agencies testing at that time if this schedule changes. Agencies are encouraged to submit their test file so it may be included in the regular SCO IEU scheduled testing. If an agency requires additional IEUs, the costs associated with that process would be billed to the agency at a rate of \$250 per IEU. The \$250 includes an hourly rate for the technical support staff and mainframe processing (CPU) time. The technical support costs charged by CSC are for the time an individual is working directly on an agency specific project. For clarification, agency specific projects include any tasks performed for the sole benefit of that agency. The \$250 will be allocated on a pro rata basis if more than one agency requests the same additional processing schedule. The Computer Service Center (CSC) determines the rates for programmer time and CPU time. The DSA will review the IEU charge on an annual basis and adjust it accordingly for changes in CSC actual charges.

If you need to test interface files, please contact the DSA, Bureau of Systems Administration at 334-3150 for assistance.

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Agency Responsibilities

- a. The agency is responsible for submitting the jobs that interface the files to SCO. In addition, it's the agency's responsibility to contact SCO to acquire the proper security access for job submission. It is imperative, agency personnel review on-line that the submitted job processed correctly. If the submitted job failed, it is the responsibility of the agency to correct the error(s) and resubmit the job.
- b. If an interface file causes a malfunction to the production nightly batch process, the agency submitting the errant file will be charged for the costs incurred to correct and recover the batch process. SCO technical staff will attempt to correct the agency file. However, if they are unable to do so, that data will not be processed. The agency will be contacted the following morning so they can make corrections and resubmit the data.
- c. The agency is responsible for submitting accurate "clean" data. Prior to incorporating the interface batches into the nightly batch cycle, edit controls are performed to check for accuracy, completeness and validity of data. If errors are detected the data will not be processed until the file has been corrected. It is the responsibility of the agency to review error reports, correct the data and resubmit the file for processing.
- d. Prior to processing, certain types of transactions must be approved by the Division of Financial Management (DFM), SCO, or the State Treasurer's Office (STO). The interface security operator ID will not have sufficient approval level to allow these transactions to post. Should they be included in an interface file, the transactions will err and the agency must take the appropriate action to complete processing. Generally the interface security operator ID approval level will be no higher than a 3. Under special circumstances a higher level may be granted for the interface security operator ID upon agreement by the agency that only the defined transaction requiring the higher approval level will be included in the interface file, for example 282 TCs.
- e. Agencies are responsible for continuity of their own operations. SCO routinely conducts disaster recovery exercises to ensure the continuity of the State's accounting systems in the event of a disaster. Agencies are encouraged to participate in this exercise. If your agency would like more information in participating with SCO in disaster recovery exercises, please contact DSA. It is the responsibility of the agencies to make sure they are able to successfully submit their interface files to the SCO hot site.

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- f. When contracting with third party providers, agencies are responsible for maintaining data integrity, software and hardware security, and appropriate internal controls including security access. Agency management shall act as liaison between the third party provider and SCO. However, SCO will work directly with the third party providers in the development and testing of interfaces as requested by the agency.
- g. If new processes, or modifications to existing SCO process are needed in order to accomplish the agency's goals, the agency must contract with CSC to provide those services.
- h. Agencies may use internal systems for a variety of reasons. If these systems house financial information it is the agencies responsibility to reconcile their internal systems to STARS. We recommend this reconciliation be performed on a monthly basis, but require them to be no less than on an annual basis.
- i. Agency management is responsible for maintaining appropriate internal controls over those systems that interface to SCO systems. Specific guidance for internal controls can be obtained from a variety of sources, including but not limited to: The State of Idaho Management Control System, COBIT (Control Objectives for Information and related Technology), Statements on Auditing Standards 55 and 70, the AICPA publication, "Audits of State and Local Governmental Units (particularly Appendix B). The annual attestation letter signed by agency management in conjunction with the CAFR auditing process will include additional attestations regarding agency system internal controls.
- j. Agencies receiving outbound interfaces from Statewide Accounting systems should use this data with care. Agencies producing financial reports from this data are cautioned to test these reports and validate the information these reports produce by agreeing or reconciling these reports to standard reports from statewide accounting systems.

Please provide specific reference to the name of each system that interfaces to SCO, and a contact name and number for that system.

System 1) _____
Contact Person _____ Phone _____

System 2) _____
Contact Person _____ Phone _____

System 3) _____

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Contact Person _____ Phone _____

Agencies should notify SCO of any changes/updates to their systems that interface with the Statewide Accounting system.

Failure to comply with the requirements allows SCO the option of denying agency access to interface files into the Statewide Accounting system.

This agreement is effective as of _____.
Date

This agreement is effective until a significant change(s) require(s) modification. SCO will notify users of any changes/updates to the Statewide Accounting system.

By: Steve Allison, Administrator
Division of Statewide Accounting
State Controller's Office

Signature

And: _____
Agency Representative

Title

Agency Name

Signature